



英皇證券集團有限公司 Emperor Capital Group Limited

Incorporated in Bermuda with limited liability (Stock Code: 717)



**All-in-one
Financial
Services for You**

**Interim Report
2013/2014**

Contents

Financial Highlights	2
Management Discussion and Analysis	3
Interim Dividend	11
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	12
Condensed Consolidated Statement of Financial Position	13
Condensed Consolidated Statement of Changes in Equity	15
Condensed Consolidated Statement of Cash Flows	16
Notes to the Condensed Consolidated Financial Statements	17
Directors' and Chief Executives' Interests and Short Positions in Securities	34
Share Options	37
Other Persons' Interests and Short Positions	39
Corporate Governance and Other Information	40

FINANCIAL HIGHLIGHTS

HK\$'000 (Unaudited)

	Six months ended 31 March		Changes
	2014	2013	
Revenue	223,763	155,847	+43.6%
– Financing	127,797	91,056	+40.3%
– Brokerage	46,513	39,738	+17.0%
– Placing & Underwriting	43,380	21,493	+101.8%
– Corporate Finance	6,073	3,560	+70.6%
Profit for the period attributable to owners of the Company	71,046	53,128	+33.7%
Earnings per share			
– Basic	HK2.72 cents	HK2.05 cents	+32.7%
– Diluted	HK2.71 cents	HK2.05 cents	+32.2%
Dividend per share	HK0.60 cent	HK0.50 cent	+20.0%

MANAGEMENT DISCUSSION AND ANALYSIS

Established in 1993, Emperor Capital Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) is a renowned Hong Kong based financial institution providing a wide range of financial services including (i) brokerage services for securities, futures and options traded on the exchanges in Hong Kong, the United States, Japan and the United Kingdom, as well as wealth management and asset management services; (ii) margin and initial public offering (IPO) financings as well as loans and advances such as personal money lending and second mortgage loan; (iii) placing and underwriting services; and (iv) corporate finance advisory services.

MARKET REVIEW

During the six months ended 31 March 2014 (“the Period”), local equity market performed volatile amid global and domestic uncertainties and slowing economic growth in major markets. In the fourth quarter of 2013, market sentiment was lifted by improving economic outlook in the United States, and stabilising conditions in Eurozone with signs of climbing out of recession. However, later in the Period, worries over weakened growth in China and the United States Federal Reserve’s tapering policies had swung investor confidence to the market. During the Period, the average daily turnover on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) was HK\$63.65 billion (2013: HK\$65.03 billion), staying flat as compared to the same period last year.

Fund raising activities, in particular IPOs, regained momentum driven by an overall positive economic outlook and a wave of mega deals of the Chinese state-owned financial institutions in pipeline. During the Period, the number of new listings was 85, far exceeded the respective figure of 25 in the same period last year. The total fund raised in IPOs also tripled to HK\$155.09 billion. Debt securities market also achieved a favourable performance with total funds raised HK\$365.69 billion, representing an increase of 87.7% over the same period last year.

In recent years, lending companies have gained popularity among individuals and enterprises who seek for flexible loan structures with less rigid borrowing requirements. The lending market remains fragmented and competitive with growing number of emerging players serving different niche segments. Loan products become increasingly sophisticated to address the financing needs of the borrowers. With an anticipation of rising interest and signs of overheated property markets in Hong Kong, demand for property lending from mainstream banks was sluggish due to a decline in the volume of property transactions in the secondary market. However, pursuing second mortgage loan was still common for property owners to finance their personal or investment needs. As banks had tightened their standards for mortgage applications, the market saw a shift of second mortgage applications to non-bank lending companies.

MANAGEMENT DISCUSSION AND ANALYSIS (*Continued*)

FINANCIAL REVIEW

Overall Review

During the Period, the Group achieved outstanding performance across all segments. Despite the volatile market conditions, the Group's revenue surged 43.6% to HK\$223.8 million (2013: HK\$155.8 million). The increase was mainly attributable to remarkable growth in the financing segment and the placing and underwriting segment. Profit for the period attributable to owners of the Company was HK\$71.0 million (2013: HK\$53.1 million), representing an impressive growth of 33.7%. Basic earnings per share were HK2.72 cents (2013: HK2.05 cents). The Group proposed an interim dividend of HK0.6 cent per share (2013: HK0.5 cent).

Capital Structure

During the Period, a total of 32,346,000 share options of the Company were exercised at an exercise price of HK\$0.334 each. The number of issued shares of the Company was then increased by 32,346,000 ordinary shares of HK\$0.01 each to 2,629,779,816 shares. The new shares rank *pari passu* with the existing shares in all respects. As a result, the share capital and share premium of the Company increased by HK\$0.3 million and HK\$12.5 million respectively, and the share option reserve of the Company reduced by HK\$2.0 million.

Liquidity and Financial Resources

The Group financed its operations mainly by cash generated from operations, borrowings and proceeds from issuance of bonds.

As at 31 March 2014, the Group's current assets and current liabilities were HK\$4,035.5 million and HK\$2,102.2 million (30 September 2013: HK\$3,898.6 million and HK\$2,570.2 million) respectively. Bank balances and cash of the Group amounted to HK\$372.3 million (30 September 2013: HK\$338.6 million), which were denominated mainly in Hong Kong dollars. The Group's short-term bank borrowings amounted to HK\$300.0 million (30 September 2013: HK\$310.0 million), which is unsecured, denominated in Hong Kong dollars, interest bearing at prevailing market rates and repayable on demand. This balance of short term bank borrowings was fully repaid subsequent to the reporting date. Loans payable amounted to HK\$36.0 million (30 September 2013: HK\$36.0 million), which is unsecured, denominated in Hong Kong dollars and repayable within one year. HK\$10.0 million out of such loans payable bears interest at a fixed rate and the remaining amount bears interest rate with reference to HIBOR.

MANAGEMENT DISCUSSION AND ANALYSIS (*Continued*)

In order to support the expansion of the financing and the placing and underwriting businesses, the Company issued a total of HK\$606.1 million worth of bonds during the Period, which are 3-year unsecured guaranteed bonds denominated in Hong Kong Dollars, bearing interest rate at 5.5% p.a. payable annually in arrears and maturing in November 2016. Together with such bonds, the total borrowings increased to HK\$942.1 million (30 September 2013: HK\$446.0 million) as at 31 March 2014, resulting in a gearing ratio of 65.8% (30 September 2013: 32.2%; calculated as a percentage of total borrowings over total equity of the Group). The Group did not have any material foreign exchange exposure as at 31 March 2014.

With the Group's sufficient bank balances and cash as well as its available unutilised banking facilities of HK\$650.0 million, the board of directors of the Company (the "Board" or the "Directors") considers the Group has sufficient working capital for its operation and future development.

BUSINESS REVIEW

The Group has succeeded in developing a robust business model with diversified income streams to withstand an increasingly complex market conditions. Managed to create synergies across the business lines, the Group covers comprehensive aspects of clients' financial needs, including brokerage, asset management, wealth management, money lending and placing and underwriting services, etc. During the Period, the Group accelerated the expansion of lucrative financing segment and a promising outcome was achieved. The Group also delivered strong growth in the placing and underwriting segment as supported by a pool of expertise.

Financing

The Group's financing segment comprises interest income from margin and IPO financing as well as loans and advances. It offers corporate and retail clients with financial flexibility to meet their business and personal needs. The loans granted to customers ranged from short-term unsecured loans (e.g. tax loan, bridging loan, term loan, personal loan) to long-term secured loans (e.g. second mortgage loan).

Thanks to its renowned reputation, widespread network and quality service, the Group's financing segment have grown rapidly in recent years. With strong contributions from interest income of short to mid-term loans, the segment once again achieved remarkable revenue growth of 40.3% to HK\$127.8 million (2013: HK\$91.1 million), accounting for 57.1% (2013: 58.4%) of the total revenue.

MANAGEMENT DISCUSSION AND ANALYSIS (*Continued*)

Brokerage

The Group provides brokerage services for securities, futures and options traded on the exchanges in Hong Kong, the United States, Japan and the United Kingdom as well as wealth management and asset management services. During the Period, the Stock Exchange's average daily turnover was almost flattish amid market uncertainties. However, the Group managed to outperform the market and achieve satisfactory growth in brokerage services revenue. During the Period, the segmental revenue increased by 17.0% to HK\$46.5 million (2013: HK\$39.7 million), accounting for 20.8% (2013: 25.5%) of the total revenue.

The Group operates 12 branches, covering key commercial and pop residential areas with convenient pedestrian access. The Group also runs four liaison offices located at Beijing, Shanghai, Guangzhou and Shenzhen respectively. As a dynamic financial institution, the Group continued to add value for its client by extending its product offerings. In January 2014, the Group introduced an online platform for trading of securities listed on the New York Stock Exchange (NYSE) and the NASDAQ in United States.

The asset management arm runs a private equity fund, namely "Emperor Greater China Opportunities Fund", covering a basket of selected equities focusing the Greater China region. The Group also provides customised discretionary investment services to its customers. During the Period, the concurrent management fee and performance fee continued to serve as stable revenue contribution.

In wealth management division, the Group mainly serves the mainland investors who are seeking investments under the Capital Investment Entrant Scheme (the "CIES"). Comprising of qualified and experienced wealth management professionals, the division advises a wide array of investment services including securities, mutual funds, insurance-linked products, as well as real estate investment advisory. During the Period, the Group continued to actively source new customers leveraging on its vast connections in mainland and enlarged its customer base in this niche segment. In February 2014, the Group was named as "Excellent Brand of Investment Immigration" in Hong Kong Leaders' Choice 2014 organised by Metro Finance, affirming its outstanding services in the sector of CIES.

MANAGEMENT DISCUSSION AND ANALYSIS (*Continued*)

Placing and Underwriting

The Group offers placing and underwriting services, and acts as placing agents and underwriters for various Hong Kong listed companies.

During the Period, the Group successfully completed a number of fund raising transactions. Attributable to an increase in fund size participated by the Group, the segmental revenue doubled to HK\$43.4 million (2013: HK\$21.5 million), accounting for 19.4% (2013: 13.8%) of the total revenue. The Group served as placing agents in many equity and debt placement deals and IPO related transactions. The Group also participated in rights issue fund raising exercises.

During the Period, the Group acted as the Lead Manager in the IPO placing of Orient Securities International Holdings Limited which was listed on the GEM board of the Stock Exchange. The Group also participated in the underwriting syndicate in the IPO of China Everbright Bank Company Limited which was listed on the main board of the Stock Exchange.

Corporate Finance

The division holds a full corporate finance licence under the Securities and Futures Ordinance, allowing it to advise on Takeovers Code related transactions and undertake sponsor work for IPO on top of general corporate finance advisory services. Apart from IPO-related services, the Group offers advisory and financing services for corporate transactions including placing, rights issue, corporate restructuring, merger and acquisition and pre-IPO financing.

During the Period, the Hong Kong stock market witnessed a boom of IPOs. Revenue from the corporate finance segment increased significantly to HK\$6.1 million (2013: HK\$3.6 million), accounting for 2.7% (2013: 2.3%) of the total revenue.

MANAGEMENT DISCUSSION AND ANALYSIS (*Continued*)

OUTLOOK

With solid market fundamentals and intensive linkages with the mainland, Hong Kong provides an appealing fundraising option for international enterprises. Against a backdrop of solid investor base and abundant capital pool, the Hong Kong market lays attractive market opportunities for financial institutions looking to increase their market shares, expand client bases and diversify their business mix for better operational efficiencies. Thanks to its precise insights and execution strengths, the Group has been well-developed into a one-stop financial services provider which offers diversified businesses to sustain long-term growth amid the ever-changing financial landscape.

Backed by sufficient capital resources, the Group aims to optimise capital deployment across business lines to maximise value for shareholders. The Group will also explore new development opportunities to pursue solid business growth.

In near term, the Group will seek to capture sustaining demand for personal and corporate loans to further strengthen its profitability. In line with the expansion of the financing segment, the Group will diligently monitor risks and control default rate while ensuring its competitive position in the market riding on its quality service, prompt loan application process and flexible repayment terms. Meanwhile, the Group will strengthen loan portfolio management to construct a diversified loan portfolio which achieves a balance between risk and return.

RISK MANAGEMENT

The Group's business, financial conditions and results may be affected by risks and uncertainties pertaining to the Group's business. The credit risk, market risk and liquidity risk are the main inherent risks explained below which could cause the Group's financial condition or results differing materially from expected or historical results.

Credit Risk

The Group's maximum exposure to credit risk is the event of clients' failure to perform their obligations in relation to those financial assets stated in the condensed consolidated statement of financial position. In order to minimize the credit risk, the Group's Credit Committee has put in place credit management policies and procedures covering the examination of the approval of clients' trading and credit limits, approval and review of the margin lending ratio of individual stock, monitoring of credit exposures and the follow up of credit risks associated with overdue debts for margin financing business. For money lending business, the Management of the Group will evaluate the customers' credit rating, financial background and repayment abilities. The assessment is based on a close monitoring and evaluation of the collectability of individual account and on management's judgment, including the creditworthiness of the borrowers, collaterals value and the past collection history of each individual client.

MANAGEMENT DISCUSSION AND ANALYSIS (*Continued*)

Day-to-day credit monitoring is performed by the Group's Credit and Risk Control Department in accordance with the policies and procedures approved by the Credit Committee with toleration and exception reports reviewed by responsible officers and senior management of the Group as well as by the Credit Committee at quarterly meetings.

Moreover, the Group's Internal Audit Department also conducts independent reviews on the adequacy and effectiveness of these policies and controls to ensure that the Group is operating according to the established policies, procedures and credit limits.

Market Risk

If the market value of a margin client's portfolio falls below his margin loan amount and the margin client fails to meet margin calls, the Group will be exposed to the risk that the margin loan being delinquent. Similarly, if the value of the underlying products of a client's futures contract fluctuates such that the outstanding balances in his account falls below the required maintenance margin level, the Group may suffer loss if the client's account incurs loss even after liquidation of the open position.

The Management of the Group keeps close monitoring of the market condition so that immediate precautionary measures will be taken to reduce such risk that the Group may encounter. For example, the Group's Credit and Risk Control Department will monitor a certain number of securities with the highest losing percentages and those stocks classified as highly concentrated collaterals of the Group on a daily basis. In addition, follow up actions such as reducing the margin ratio for the pledged securities and requiring clients to top up their position would be taken if considered appropriate.

Liquidity Risk

In order to support the expansion of the Group's operations and maintain adequate liquid capital to comply with the relevant Financial Resources Rules applicable to various licensed subsidiaries of the Company, apart from relying on internally generated cash flow and bank borrowings, the Company successfully raised funds by way of issuing bonds during the Period. To maintain the Group's liquidity risk management, the Group continues to diversify the funding sources and enlarge the stand-by banking facilities. The Management and the Finance and Accounts Department of the Group will review and monitor the Group's liquidity position on daily basis to ensure the financial resources are available to meet its financial obligations as well as the expansion need in its operations.

MANAGEMENT DISCUSSION AND ANALYSIS (*Continued*)

LITIGATION, CLAIMS AND CONTINGENT LIABILITY

In 2011, the Group had placed an aggregate amount of HK\$40,000,000 (the “Escrow Fund”) with a solicitor firm in Hong Kong, namely, K&L Gates, as an escrow agent (the “Escrow Agent”), of which HK\$25,000,000 and HK\$15,000,000 were advanced to two respective borrowers as a loan which were agreed to be held in escrow by the Escrow Agent. The Escrow Fund had fallen due and became payable to the Group in June 2011. In July 2011, the Group has commenced legal proceedings against the two borrowers and partners of K&L Gates, claiming for the return of the Escrow Fund, plus interests and costs. Final and interlocutory judgment were entered against the two borrowers and a partner of K&L Gates in 2011. Such partner of K&L Gates was arrested by the Hong Kong Police and in 2013 he was sentenced to 12 years jail under the charge for fraud and forgery with respect to the monies held in escrow accounts of K&L Gates. The legal proceedings against other partners of K&L Gates claiming for the return of escrow money are still pending for trial. Taking into account the specific facts and circumstances and the legal advice, the executive directors of the Company are of the opinion that it is probable that a judgment will be favourable to the Group, in which event each of the partners of K&L Gates will be personally liable to the Group to satisfy the judgment and hence, the amount of HK\$40,000,000 will be recovered.

Save as disclosed above, so far as known to the Directors, there was no other litigation, arbitration or claim of material importance in which the Company is engaged or pending or which was threatened against the Company.

EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, a total of 2,184,000 share options were granted to certain employees of the Group at an exercise price of HK\$0.385 each subject to the terms of the Company’s share option scheme (as amended on 13 August 2013). Such share options were exercised in full by the relevant employees on 5 May 2014. The number of issued shares of the Company was then increased by 2,184,000 ordinary shares of HK\$0.01 each to 2,631,963,816 shares. The new shares rank *pari passu* with the existing shares in all respects.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2014, the Group has 195 (2013: 225) account executives and 126 employees (2013: 130). Total staff costs (including Directors’ remuneration) for the Period were approximately HK\$43.2 million (2013: HK\$28.5 million). Employees’ remuneration was determined in accordance with individual’s responsibility, competence and skills, experience and performance as well as market pay level. Staff benefits include medical and life insurance, retirement benefits and other competitive fringe benefits.

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend of HK0.6 cent per share (2013: HK0.5 cent per share) for the financial year ending 30 September 2014 (“Interim Dividend”), amounting to approximately HK\$15.8 million (2013: HK\$13.0 million). The Interim Dividend will be paid on 27 June 2014 (Friday) to shareholders whose names appear on the register of members of the Company on 17 June 2014 (Tuesday).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed, for the purpose of determining shareholders’ entitlement to the Interim Dividend, from 16 June 2014 (Monday) to 17 June 2014 (Tuesday), during which period no share transfer will be effected.

In order to qualify for the Interim Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Branch Share Registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on 13 June 2014 (Friday).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 31 March	
		2014	2013
	Notes	(unaudited) HK\$'000	(unaudited) HK\$'000
Revenue	4	223,763	155,847
Other operating income		7,738	5,021
Staff costs		(43,255)	(28,538)
Commission expenses		(37,367)	(23,225)
Other expenses		(38,394)	(36,917)
Finance costs		(19,915)	(3,936)
Share of (loss) profit of associate(s)		(1,803)	217
Profit before taxation	5	90,767	68,469
Taxation	6	(19,721)	(15,344)
Profit for the period		71,046	53,125
Total comprehensive income for the period		71,046	53,125
Profit for the period attributable to:			
Owners of the Company		71,046	53,128
Non-controlling interests		–	(3)
		71,046	53,125
Total comprehensive income attributable to:			
Owners of the Company		71,046	53,128
Non-controlling interests		–	(3)
		71,046	53,125
Earnings per share	7		
– Basic		HK2.72 cents	HK2.05 cents
– Diluted		HK2.71 cents	HK2.05 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
		31 March 2014 (unaudited) HK\$'000	30 September 2013 (audited) HK\$'000
	Notes		
Non-current assets			
Interest in an associate		508	2,311
Property and equipment		4,762	5,288
Intangible assets		–	–
Other assets		9,255	7,739
Amount due from an associate		6,437	5,987
Loans and advances	9	84,527	45,349
		105,489	66,674
Current assets			
Accounts receivable	10	1,446,479	1,160,030
Loans and advances	9	844,287	531,893
Other debtors, deposits and prepayments		47,034	21,804
Bank balances and cash – trust accounts		1,325,388	1,845,175
Bank balances and cash – general accounts		372,267	338,585
Tax recoverable		38	1,102
		4,035,493	3,898,589
Current liabilities			
Accounts payable	11	1,681,360	2,066,356
Other creditors and accrued charges		44,413	38,552
Tax liabilities		40,397	29,274
Short-term bank borrowings		300,000	310,000
Amount due to a related company		–	100,000
Loans payable		36,000	26,000
		2,102,170	2,570,182
Net current assets		1,933,323	1,328,407
Total assets less current liabilities		2,038,812	1,395,081

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

		As at	
	Notes	31 March 2014 (unaudited) HK\$'000	30 September 2013 (audited) HK\$'000
Non-current liabilities			
Bonds		606,067	–
Loans payable		–	10,000
		606,067	10,000
Net assets		1,432,745	1,385,081
Capital and reserves			
Share capital	12	26,298	25,974
Reserves		1,406,447	1,359,107
Total equity		1,432,745	1,385,081

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Capital contribution reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Share option reserve HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 October 2012 (audited)	25,974	841,266	82,789	2,004	28	297,047	1,023	1,250,131	(232)	1,249,899
Profit for the period	-	-	-	-	-	53,128	-	53,128	(3)	53,125
Total comprehensive income for the period	25,974	841,266	82,789	2,004	28	350,175	1,023	1,303,259	(235)	1,303,024
Amount transferred from special reserve to retained profits	-	-	(9,870)	-	-	9,870	-	-	-	-
Dividend recognised as distribution	-	-	-	-	-	(9,870)	-	(9,870)	-	(9,870)
Effect of share options forfeited	-	-	-	-	-	1,023	(1,023)	-	-	-
At 31 March 2013 (unaudited)	25,974	841,266	72,919	2,004	28	351,198	-	1,293,389	(235)	1,293,154

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Capital contribution reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Share option reserve HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 October 2013 (audited)	25,974	841,266	59,931	2,004	53	453,815	2,038	1,385,081	-	1,385,081
Profit for the period						71,046		71,046	-	71,046
Amount transferred from special reserve to retained profits			(34,187)		-	34,187		-		-
Dividend recognised as distribution						(34,187)		(34,187)		(34,187)
Effect of share options exercised (note 12)	324	12,519					(2,038)	10,805		10,805
At 31 March 2014 (unaudited)	26,298	853,785	25,744	2,004	53	524,861	-	1,432,745	-	1,432,745

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 March	
	2014	2013
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net cash used in operating activities	(457,814)	(320,600)
Net cash used in investing activities	(1,801)	(1,158)
Net cash from financing activities	493,297	298,130
Net increase (decrease) in cash and cash equivalents	33,682	(23,628)
Cash and cash equivalents as at the beginning of the period	338,585	222,176
Cash and cash equivalents as at the end of the period	372,267	198,548
Analysis of the balances of cash and cash equivalents		
Bank balances and cash – general accounts	372,267	198,548

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the unaudited condensed consolidated financial statements include the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange.

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value as appropriate. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Except for the Group has applied the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by HKICPA, which are mandatory for the accounting periods beginning on or after 1 October 2013, the accounting policies and methods of computation used in the preparation of these accounts are consistent with those used in the annual accounts for the year ended 30 September 2013.

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 – 2011 cycle
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKAS 1	Presentation of items of other comprehensive income
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The executive directors of the Company anticipate that the adoption of these new and revised HKFRSs has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2012 cycle ²
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle ²
Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date and transition disclosures ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities ¹
Amendments to HKFRS 9	Financial instruments ³
Amendments to HKAS 19	Defined benefit plans: Employee Contribution ²
Amendments to HKAS 32	Offsetting financial assets and financial liabilities ¹
Amendments to HKAS 39	Novation of derivatives and continuation of hedging accounting ¹
HK(IFRIC) – INT 21	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014.

² Effective for annual periods beginning on or after 1 July 2014.

³ Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalized.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

According to HKFRS 8, the Group has the following reportable and operating segments:

- | | | |
|------------------------------|---|--|
| (a) Financing | – | Provision of margin financing and money lending services |
| (b) Brokerage | – | Provision of securities, options, futures, insurance and other asset and wealth management products broking services |
| (c) Placing and underwriting | – | Provision of placing and underwriting services |
| (d) Corporate finance | – | Provision of corporate finance advisory services |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. SEGMENT INFORMATION (Continued)

Segment Revenue and Results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

For the six months ended 31 March 2014

	Financing (unaudited) HK\$'000	Brokerage (unaudited) HK\$'000	Placing and underwriting (unaudited) HK\$'000	Corporate finance (unaudited) HK\$'000	Elimination (unaudited) HK\$'000	Total (unaudited) HK\$'000
REVENUE						
Segment revenue						
– external customers	127,797	46,513	43,380	6,073	–	223,763
Inter-segment sales	13,484	–	16,917	–	(30,401)	–
	141,281	46,513	60,297	6,073	(30,401)	223,763

Inter-segment sales are charged at prevailing market rate.

RESULTS

Segment results	106,222	8,550	14,686	557		130,015
Unallocated other operating income						1,496
Unallocated corporate expenses						
– staff costs (include Directors' remuneration)						(24,231)
– management fee to related companies						(161)
– service charge to a related company						(5,197)
– others						(9,352)
Share of loss of associates						(1,803)
Profit before taxation						90,767

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. SEGMENT INFORMATION *(Continued)*

Segment Revenue and Results *(Continued)*

For the six months ended 31 March 2013

	Financing (unaudited) HK\$'000	Brokerage (unaudited) HK\$'000	Placing and underwriting (unaudited) HK\$'000	Corporate finance (unaudited) HK\$'000	Elimination (unaudited) HK\$'000	Total (unaudited) HK\$'000
REVENUE						
Segment revenue						
– external customers	91,056	39,738	21,493	3,560	–	155,847
Inter-segment sales	4,881	–	–	–	(4,881)	–
	95,937	39,738	21,493	3,560	(4,881)	155,847

Inter-segment sales are charged at prevailing market rate.

RESULTS

Segment results	72,454	10,033	15,000	1,576		99,063
Unallocated other operating income						483
Unallocated corporate expenses						
– staff costs (include Directors' remuneration)						(21,329)
– management fee to a related company						(157)
– service charge to a related company						(2,792)
– others						(7,016)
Share of profit of an associate						217
Profit before taxation						68,469

No total assets and liabilities by reportable and operating segments is disclosed as such amounts are not regularly provided to the CODM for review.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

4. REVENUE

	Six months ended 31 March	
	2014	2013
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Commission and brokerage fees on dealing in securities	24,639	20,221
Commission and brokerage fees on dealing in futures and options contracts	15,071	12,657
Commission from insurance brokerage and wealth management	2,763	5,649
Corporate finance advisory services fee income	6,073	3,560
Placing and underwriting commission	43,380	21,493
Interest income from:		
Margin and initial public offering financing	57,929	42,373
Loans and advances	69,868	48,683
Bank deposits	4,040	1,211
	223,763	155,847

5. PROFIT BEFORE TAXATION

	Six months ended 31 March	
	2014	2013
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging (crediting):		
Included in other expenses:		
Depreciation of property and equipment	990	1,146
Allowance for loans and advances	—	8,000
Included in other operating income:		
Bad debt recovered	—	(2,000)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

6. TAXATION

	Six months ended 31 March	
	2014	2013
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Current period:		
Hong Kong Profits Tax provision for the period	19,568	15,260
PRC Enterprise Income Tax	153	84
	19,721	15,344

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 31 March	
	2014	2013
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	71,046	53,128

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

7. EARNINGS PER SHARE *(Continued)*

	Six months ended 31 March	
	2014 (unaudited)	2013 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,608,808,234	2,597,433,816
Effect of dilutive potential ordinary shares:		
Share options of the Company	13,801,667	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,622,609,901	2,597,433,816

In prior period, the computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options because the exercise price of those share options was higher than the average market price of the Company's shares for that period.

8. DIVIDENDS

	Six months ended 31 March	
	2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
Recognised as distribution:		
Final dividend of HK1.3 cents per share for the year ended 30 September 2013 paid during the period (year ended 30 September 2012: HK0.38 cent)	34,187	9,870

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. LOANS AND ADVANCES

	As at	
	31 March	30 September
	2014	2013
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Fixed-rate loans receivable	853,807	522,861
Variable-rate loans receivable	55,007	34,381
	908,814	557,242
Account receivable from K&L Gates <i>(note)</i>	40,000	40,000
Less: Allowance for account receivable from K&L Gates	(20,000)	(20,000)
	20,000	20,000
	928,814	577,242
Analysed as:		
Current	844,287	531,893
Non-current	84,527	45,349
	928,814	577,242

Note: As the timing of recovering this amount is expected to be longer than 12 months after the end of the reporting period, the Group recognised an aggregate allowance of HK\$20,000,000 as at 31 March 2014 and 30 September 2013 at a discount rate of 12% per annum, and the outstanding amount is presented as a non-current asset at the reporting date. If the actual recoverable amount is less than expected, a material impairment loss may arise. Detail information is set out in the paragraph headed "Litigation, Claims and Contingent Liability" on page 10.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. LOANS AND ADVANCES *(Continued)*

The contractual maturity dates of the Group's fixed and variable rate loans receivable are presented as below:

	As at	
	31 March	30 September
	2014	2013
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Fixed rate loans receivable:		
Within one year	832,630	521,609
In more than one year but no more than five years	41,177	1,252
	873,807	522,861

	As at	
	31 March	30 September
	2014	2013
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Variable rate loans receivable:		
Within one year	31,657	10,284
In more than one year but no more than five years	6,893	7,113
Over five years	16,457	16,984
	55,007	34,381

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. LOANS AND ADVANCES *(Continued)*

The effective interest rates of all of the Group's loans receivable are as follows:

	As at 31 March 2014 (unaudited)	30 September 2013 (audited)
Effective interest rate:		
Fixed-rate loans receivable	0.127% per month to 4.7% per month	0.127% per month to 4.7% per month
Variable-rate loans receivable	Prime rate – 3% per annum to Prime rate + 5% per annum	Prime rate – 3% per annum to Prime rate + 5% per annum

Included in the loans and advances as at 31 March 2014 were secured loans and advances with the aggregate amount of HK\$154,722,000 (30 September 2013: HK\$159,722,000). These secured loans and advances were secured by listed marketable securities in Hong Kong except for one secured loan which was secured with first legal charge in respect of a residential property located in Hong Kong, in which the collateral for each individual loan is sufficient to cover the loan amount on an individual basis. These loans and advances were advanced to various independent individual/corporate borrowers and will be due for repayment within one year from the date of advance.

The balance of the loans and advances amounting to HK\$774,092,000 (30 September 2013: HK\$397,520,000) were unsecured. Included in the unsecured loans and advances were advances made to corporates and individuals, which are independent third parties of the Group, amounting to HK\$78,348,000 (30 September 2013: HK\$37,890,000), with second legal charges in respect of commercial and residential properties located in Hong Kong, which will be due for repayment within 1 to 27 years (30 September 2013: 1-28 years) from the respective loans' date of advance.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. LOANS AND ADVANCES *(Continued)*

To minimise the Group's exposure to credit risk, there was a credit risk control team responsible for the evaluation of customers' credit rating, financial background and repayment abilities. The Group has a policy for assessing the impairment on loans and advances that are unsecured, those that are secured but without sufficient collateral and those with default or delinquency in interest or principal payment, on individual basis. The assessment is based on a close monitoring and evaluation of the collectability of individual account and on management's judgment, including the current creditworthiness of the borrowers, collaterals value and the past collection history of each individual client. Taking into account the above, the executive directors of the Company believe that no allowance for impairment is necessary.

The fair values of the Group's loans and advances at the end of the reporting period, determined based on the present value of the estimated future cash flows discounted using the prevailing market rates at the end of each reporting period, approximate the corresponding carrying amount of the receivables because most of the loans and advances have a maturity of less than 12 months from the date of advance.

10. ACCOUNTS RECEIVABLE

	As at	
	31 March	30 September
	2014	2013
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Accounts receivable from the business of dealing in securities:		
Clearing houses, brokers and cash clients	184,164	81,212
Secured margin loans	1,097,488	924,298
Accounts receivable from the business of dealing in futures contracts:		
Clearing houses and brokers	163,717	154,090
Accounts receivable from the business of corporate finance	1,110	430
	1,446,479	1,160,030

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

10. ACCOUNTS RECEIVABLE *(Continued)*

The settlement terms of accounts receivable, except for secured margin loans, arising from the business of dealing in securities are two days after trade date, and of accounts receivable arising from the business of dealing in futures contracts are one day after trade date. No ageing analysis is disclosed as in the opinion of the executive directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

For secured margin loans, as at 31 March 2014, the total market value of securities pledged as collateral in respect of the loans to margin clients were approximately HK\$9,759,166,000 (30 September 2013: HK\$10,761,572,000). 98% of the balance were secured by sufficient collateral on an individual basis. Management has assessed the market value of the pledged securities of each individual customer who has margin shortfall as at year end, and considered that no impairment allowance is necessary. The loans to margin clients bear variable interest at commercial rate and are repayable on demand. No collateral was pledged for other accounts receivable.

The ageing analysis of the accounts receivable, which are past due but not impaired, are as follows:

	As at	
	31 March	30 September
	2014	2013
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Past due:		
0–30 days	3,521	1,078
31–60 days	3	3
61–90 days	7	5
Over 90 days	227	218
Accounts receivable which were past due but not impaired	3,758	1,304
Accounts receivable which were neither past due nor impaired	1,442,721	1,158,726
	1,446,479	1,160,030

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

11. ACCOUNTS PAYABLE

	As at	
	31 March	30 September
	2014	2013
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Accounts payable from the business of dealing in securities:		
Clearing house	48,281	–
Margin and cash clients	1,370,349	1,805,724
Accounts payables from the business of dealing in futures contracts:		
Margin clients	262,730	260,632
	1,681,360	2,066,356

The settlement terms of accounts payable, except for margin loans, arising from the business of dealing in securities are two days after trade date and accounts payable arising from the business of dealing in futures contracts are one day after trade date. No ageing analysis is disclosed as in the opinion of the executive directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

Accounts payable to certain margin and cash clients arising from the business of dealing in securities bear variable interest at commercial rates, and are repayable on demand subsequent to settlement date.

Included in accounts payable, amounts of HK\$1,325,388,000 and HK\$1,845,175,000 as at 31 March 2014 and 30 September 2013 respectively were payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of conducting the regulated activities. However, the Group currently does not have an enforceable right to offset these payables with the deposits placed.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

12. SHARE CAPITAL

	Number of shares (unaudited)	Share capital (unaudited) HK\$'000
Ordinary shares of HK\$0.01 each Issued and fully paid		
As at 1 October 2012 and 31 March 2013	2,597,433,816	25,974
As at 1 October 2013	2,597,433,816	25,974
Exercise of share options of the Company	32,346,000	324
As at 31 March 2014	2,629,779,816	26,298

13. FAIR VALUE MEASUREMENT ON FINANCIAL INSTRUMENTS

The executive directors of the Company consider that the carrying amounts of all financial assets and financial liabilities recorded at amortised cost at the respective end of the reporting period approximate their corresponding fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

14. RELATED PARTY TRANSACTIONS

(a) During the Period, the Group had the following significant transactions with the related parties:

		Six months ended 31 March	
		2014	2013
		(unaudited)	(unaudited)
		HK\$'000	HK\$'000
(i)	Corporate finance advisory services fee income from related companies	870	1,160
(ii) (a)	Service charge to a related company	622	341
	– computer services	4,575	2,451
	– administrative services and staff costs	5,197	2,792
(ii) (b)	Management fee to related company(ies) – administrative services and staff costs	161	740
(iii)	Operating lease rentals expenses to related companies	3,458	3,186
(iv)	Printing, advertising and promotion expenses to related companies	582	179
(v)	Commission and brokerage income from		
	– related companies	–	49
	– directors of the Company	1	1
		1	50
(vi)	Underwriting commission expenses paid to an immediate holding Company	500	–
(vii)	Interest expenses paid to a related company	436	2,087
(viii)	Accounts payable to margin and cash clients arising from business dealing in securities		
	– an associate	10,444	805
	– directors of the Company	74	215
		10,518	1,020
(ix)	Rental and other deposits paid to related companies	2,208	2,214

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. RELATED PARTY TRANSACTIONS (Continued)

(b) The key management personnel of the Company are the Directors of the Company. The remuneration paid to them during the period are as follows:

	Six months ended 31 March	
	2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
Fees	570	570
Salaries and other emoluments	20,648	8,134
	21,218	8,704

Note:

The related companies are companies indirectly controlled by Albert Yeung Holdings Limited ("AY Holdings") which is the ultimate controlling shareholder of the Company.

15. OPERATING LEASE COMMITMENTS

At the end of each of the reporting periods, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises and office equipment which fall due as follows:

	As at			
	31 March 2014	31 March 2014	30 September 2013	30 September 2013
	Rental premises (unaudited) HK\$'000	Hired equipment (unaudited) HK\$'000	Rental premises (audited) HK\$'000	Hired equipment (audited) HK\$'000
Within one year	8,902	379	6,064	387
In the second to fifth years	12,562	594	2,595	782
	21,464	973	8,659	1,169

For office premises and office equipment, leases are mainly negotiated and rentals are fixed for an average term of two years.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 March 2014, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules were as follows:

(a) LONG POSITION INTERESTS IN THE COMPANY

(i) Ordinary shares of HK\$0.01 each of the Company ("Shares")

Name of Director	Capacity/ Nature of Interests	Number of Issued Shares held	Approximate percentage holding
Ms. Daisy Yeung	Beneficiary of a trust	1,773,516,907 (Note)	67.44%
	Beneficial owner	13,638,000	0.52%
Mr. Chan Shek Wah	Beneficial owner	13,638,000	0.52%
Ms. Choi Suk Hing, Louisa ("Ms. Louisa Choi")	Beneficial owner	3,120,000	0.12%
Ms. Pearl Chan	Beneficial owner	1,950,000	0.07%

Note: These Shares were held by Emperor Capital Group Holdings Limited, a wholly-owned subsidiary of AY Holdings which was held by STC International Limited ("STC International") being the trustee of the AY Trust, a discretionary trust under which Ms. Daisy Yeung is one of the eligible beneficiaries.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES *(Continued)*

(a) LONG POSITION INTERESTS IN THE COMPANY *(Continued)*

(ii) Share options

Name of Director	Capacity/ Nature of Interests	Number of Underlying Shares	Approximate percentage holding
Ms. Daisy Yeung	Beneficial owner	40,908,000	1.55%
Mr. Chan Shek Wah	Beneficial owner	40,908,000	1.55%
Ms. Louisa Choi	Beneficial owner	9,348,000	0.35%
Ms. Pearl Chan	Beneficial owner	5,844,000	0.22%

Note: These were share options granted to the Directors under the share option scheme of the Company adopted on 20 September 2007 (became effective on 27 September 2007) as amended on 13 August 2013.

(b) LONG POSITION INTERESTS IN ASSOCIATED CORPORATIONS OF THE COMPANY

Name of Director	Name of associated corporations	Capacity/ Nature of interest	Deemed interest of shares held	Approximate percentage holding
Ms. Daisy Yeung	Emperor International Holdings Limited ("Emperor International")	Beneficiary of a trust	2,747,610,489	74.83%
-ditto-	Emperor Entertainment Hotel Limited ("Emperor E Hotel")	-ditto-	812,632,845	62.39%
-ditto-	Emperor Watch & Jewellery Limited ("Emperor W&J")	-ditto-	3,617,860,000	52.57%
-ditto-	New Media Group Holdings Limited ("New Media Group")	-ditto-	647,950,000	74.99%

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES (*Continued*)

(b) LONG POSITION INTERESTS IN ASSOCIATED CORPORATIONS OF THE COMPANY (*Continued*)

Note: Emperor International, Emperor E Hotel, Emperor W&J and New Media Group are companies with their shares listed in Hong Kong. These respective shares were ultimately owned by AY Holdings which was in turn held by STC International, the trustee of the AY Trust. Ms. Daisy Yeung, by virtue of being one of the eligible beneficiaries of the AY Trust, had deemed interests in these shares.

Save as disclosed above, as at 31 March 2014, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTIONS

The Company adopted a share option scheme (“Share Option Scheme”) at the annual general meeting held on 20 September 2007 (then amended on 13 August 2013) to provide incentive or rewards to participants including the Directors and eligible employees of the Group.

Under the Share Option Scheme, the Directors are authorized, at any time within ten years after 27 September 2007, the date where the Share Option Scheme become effective, to grant options to any participant to subscribe for shares in the Company at a price not less than the highest of (i) the closing price of the Company’s shares on the date of grant; (ii) the average closing prices of the Company’s shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company’s share. A nominal consideration of HK\$1 is payable on acceptance of the grant of options.

On 13 August 2013, the Company granted certain share option to the Executive Directors. Details of movements in the number of share options during the Period are set out below:

Name of Grantee	Exercise Date/Period	Exercise Price per Share (HK\$)	Number of share options		
			Balance as at 01.10.2013	Exercised during the Period	Balance as at 31.03.2014
Ms. Daisy Yeung	(Note 1)	0.334	13,638,000	13,638,000	0
	(Note 2)	0.334	18,000,000	–	18,000,000
	(Note 3)	0.334	22,908,000	–	22,908,000
Mr. Chan Shek Wah	(Note 1)	0.334	13,638,000	13,638,000	0
	(Note 2)	0.334	18,000,000	–	18,000,000
	(Note 3)	0.334	22,908,000	–	22,908,000
Ms. Louisa Choi	(Note 1)	0.334	3,120,000	3,120,000	0
	(Note 2)	0.334	4,116,000	–	4,116,000
	(Note 3)	0.334	5,232,000	–	5,232,000
Ms. Pearl Chan	(Note 1)	0.334	1,950,000	1,950,000	0
	(Note 2)	0.334	2,574,000	–	2,574,000
	(Note 3)	0.334	3,270,000	–	3,270,000

SHARE OPTIONS (*Continued*)

Notes:

1. The options were exercised on 27 January 2014 upon fulfilment of the performance targets of the Company determined by the Board.
2. Subject to fulfillment of the performance targets of the Company as determined by the Board, the options shall be exercisable from the date immediately after the publication of the audited financial results of the Group for the year ending 30 September 2014 to 12 July 2018. The vesting period shall be from 13 August 2013 (date of grant) to the date of the publication of the audited financial results of the Group for the year ending 30 September 2014.
3. Subject to fulfillment of the performance targets of the Company as determined by the Board, the options shall be exercisable from the date immediately after the publication of the audited financial results of the Group for the year ending 30 September 2015 to 12 July 2018. The vesting period shall be from 13 August 2013 (date of grant) to the date of the publication of the audited financial results of the Group for the year ending 30 September 2015.

During the Period, no option was granted or cancelled under the Share Option Scheme.

OTHER PERSONS' INTERESTS AND SHORT POSITIONS

As at 31 March 2014, so far as is known to any Director or chief executives of the Company, the following persons or corporations (other than a Director or chief executive of the Company) had, or were deemed or taken to have an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

LONG POSITION IN THE SHARES

Name	Capacity/ Nature of interest	Number of issued Shares interested in or deemed to be interested	Approximate percentage holding
AY Holdings	Interest in a controlled corporation	1,773,516,907	67.44%
STC International	Trustee	1,773,516,907	67.44%
Dr. Albert Yeung	Founder of a discretionary trust	1,773,516,907	67.44%
Ms. Luk Siu Man, Semon	Interest of spouse	1,773,516,907	67.44%

Note: The above Shares were the same Shares as those set out under Section (a)(i) of "Directors' and Chief Executives' Interests and Short Positions in Securities" above.

All interests stated above represent long positions. As at 31 March 2014, no short positions were recorded in the SFO register of the Company.

Save as disclosed above, as at 31 March 2014, the Directors were not aware of any person or corporation (other than the Directors and chief executives of the Company) who had, or were deemed or taken to have, any interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE CODE

During the Period, the Company had complied with all code provisions of the Corporate Governance Code under Appendix 14 of the Listing Rules, except with the deviation from code provision A.2.1 which requires the roles of chairman and chief executive officer be separate and not be performed by the same individual. Currently, the Board has appointed Ms. Daisy Yeung as the Managing Director of the Company, who also assumes the responsibility to lead the Board and ensure the Board works effectively. The Board is of the opinion that the current structure functions effectively and does not intend to make any change thereof.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry to the Directors, all of them confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the Period.

CHANGES IN INFORMATION OF DIRECTORS

The changes in Directors' information since the date of the 2012/2013 Annual Report of the Company and save as those information set out in the announcements of the Company dated 22 January 2014 and 27 March 2014 regarding, inter alia, the change of Independent Non-executive Directors and members of the board committees, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

(a) Directors' Emoluments

On the recommendation of the Remuneration Committee, the Board had reviewed and revised the remuneration of the Executive Directors with effect from 1 January 2014 based on the performance, experience, ability and responsibility of the individuals and with reference to the market rates. The total emoluments of the Executive Directors of the Company, namely Ms. Daisy Yeung, Mr. Chan Shek Wah, Ms. Louisa Choi and Ms. Pearl Chan for the six months ended 31 March 2014 were approximately HK\$7,002,400, HK\$8,818,000, HK\$2,969,900 and HK\$2,157,400 respectively. These amounts comprise basic salaries, allowance and director's fee accrued in respect of his/her service during the Period as well as performance related incentive payment (related to previous year's performance) and retirement benefits scheme contribution during the Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(Continued)

CHANGES IN INFORMATION OF DIRECTORS (Continued)

(b) Directors' fee of independent non-executive directors

The Board had reviewed the Directors' fee of Independent Non-executive Directors with reference to the market rates of similar industry with similar market capitalisation size, the duties and responsibilities undertaken by them as well as the frequency of board meetings held during the past year. Based on the above and on the recommendation of the Remuneration Committee, the Board determined to adjust the directors' fee for each Independent Non-executive Director to HK\$200,000 per annum with effect from 1 April 2014.

REVIEW OF INTERIM REPORT

The condensed consolidated financial statements as set out in this interim report had not been audited nor reviewed by the Company's auditor, Deloitte Touche Tohmatsu, but this report had been reviewed by the audit committee of the Company, which comprises the three Independent Non-executive Directors of the Company, namely Mr. Chu Kar Wing, Mr. Poon Yan Wai and Mr. Tse Hin Lin, Arnold.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

By order of the Board
Emperor Capital Group Limited
Daisy Yeung
Managing Director

Hong Kong, 29 May 2014

As at the date of this report, the Board comprises:

Executive Directors:

Ms. Daisy Yeung
Mr. Chan Shek Wah
Ms. Choi Suk Hing, Louisa
Ms. Pearl Chan

Independent Non-executive Directors:

Mr. Chu Kar Wing
Mr. Poon Yan Wai
Mr. Tse Hin Lin, Arnold

This Interim Report (in both English and Chinese versions) is available to any shareholder in printed form and on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.emperorcapi.com>). In order to protect the environment, the Company highly recommends shareholders to elect to receive electronic copy of this Interim Report. Upon written request, a free printed version of Corporate Communication will be sent to shareholders who have elected to receive electronic copies but for any reason have difficulty in receiving or gaining access to any Corporate Communication through the Company's website. Shareholders may have the right to change their choice of receipt of our future Corporate Communications at any time by reasonable notice in writing to the Company or the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited, by post at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email at is-enquiries@hk.tricorglobal.com.